

FISCAL NOTE

HB 384 - SB 328

February 15, 2001

SUMMARY OF BILL:

- Amends the definition of *Business* in 67-4-702(a)(1) by excluding an *individual property owner* who utilizes a property management company to manage a vacation lodging for overnight rentals from the business tax.
- Further amends TCA 67-4-702(a) by adding the following definition:
 - *Individual Property Owner* means a person that owns vacation lodging.
 - *Overnight Rentals* means rental of a vacation lodging to one or more individuals for temporary human lodging not to exceed a period of 180 consecutive days; provided, however, that a tenancy or lease to an individual who has no other place of residence or abode during the lease period to which he may return after the lease terminates is not overnight rentals.
 - *Property management company* means a person that, for consideration, manages a vacation lodging for an individual property owner that provides such lodging for a rental fee to customers.
 - *Vacation lodging* means real property, other than the primary and regular residence or abode of an individual property owner, that is utilized, or can be utilized, for overnight rentals in the absence of the individual property owner.
- Amends TCA 67-4-730 by adding a requirement that a property management company shall owe business tax based on its gross proceeds from overnight rentals of vacation lodging.
- Amends TCA 67-6-501 by adding a new section that states when an individual property owner utilizes a property management company to manage a vacation lodging owned by the individual property owner, the business tax levied on the gross proceeds for the rental must be remitted by the property management company to the commissioner of revenue. Authorizes the property management company to collect the tax from the consumer who rents the vacation lodging.

ESTIMATED FISCAL IMPACT:

MINIMAL

Bill codifies existing practice, which is to collect the business tax from the property management company as opposed to the individual property owner. According to the Department of Revenue, the current code does not restrict collection to only one entity.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director